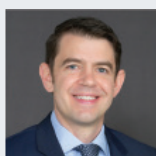
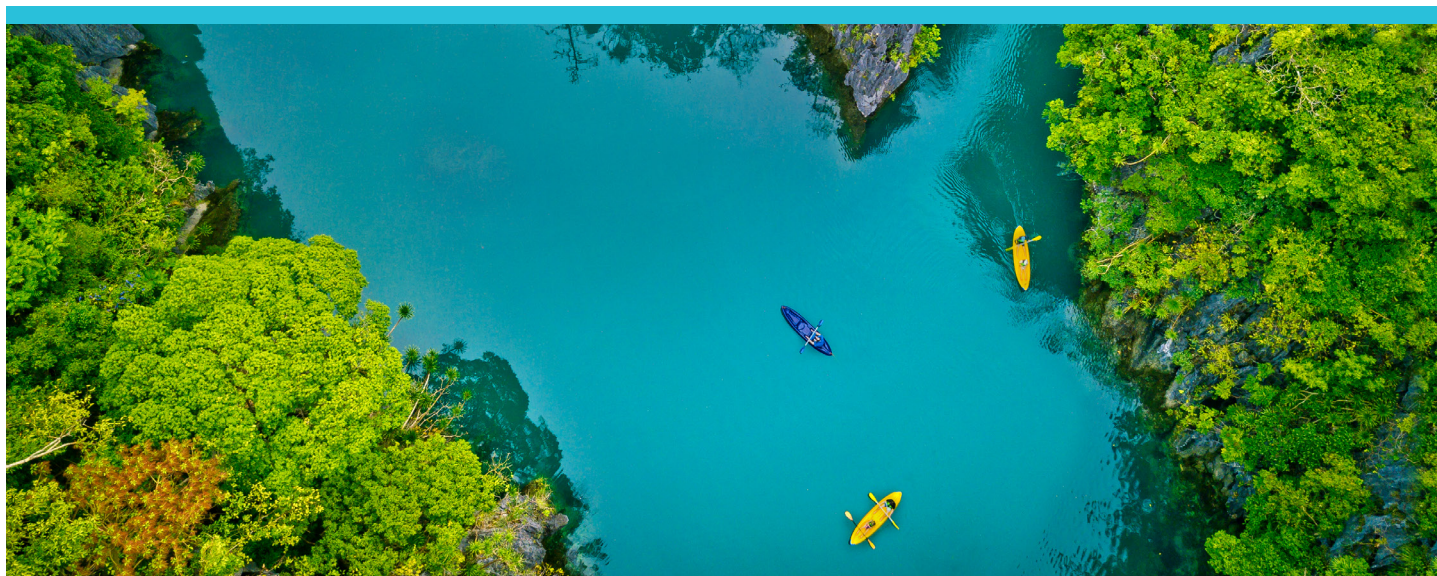




The need for impact investing is greater than ever



Matt Lawton

Portfolio Manager,
Global Impact Credit
Strategy, T. Rowe Price

Successful impact investing is inherently linked to the duration and persistence of change in the future. Matt Lawton, Portfolio Manager of the Global Impact Credit Strategy, shares his thoughts on the challenges of managing an impact portfolio and how he plans to overcome them.

As the world confronts a range of pressing environmental and social issues, and investors increasingly seek ways to address them, it's a particularly exciting time to be a fixed income impact investor. Driving substantive progress in the fight against climate change and other environmental and social pressures demands significant capital investment, which cannot be delivered by private markets alone.

The United Nations (UN) estimates that between USD 5 trillion and USD 7 trillion per year will be needed through 2030 to achieve its global Sustainable Development Goals (SDGs)¹. The participation of public fixed income will be needed more than ever.

Public fixed income offers a fertile ground for impact investment opportunities. The market can facilitate the flow of capital from

investors to the very projects and institutions that we believe are best placed to drive positive environmental and/or social impact. One direct channel for targeting specific impacts is through use-of-proceeds bonds, which are unique to fixed income. These are green, social, and sustainability bonds that invest in discrete environmental and social projects, offering a direct link between investment capital and measurable impact outcomes. However, the scope of fixed income impact investing is broader than use-of-proceeds bonds. Impact can also be identified, captured, and measured by intentionally directing capital to issuers that seek to generate positive environmental or social impact through their end activities.

Impact investing requires a deep, personal commitment to the cause. A commitment to look broadly across markets for issuers

¹ <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

and projects with the potential to deliver environmental and/or social impact. A commitment to engagement, working alongside current and potential portfolio companies as they progress through their impact journey. A commitment to learn and improve how we identify, analyze, and measure impact over time. And last, a commitment to comprehensive and transparent reporting, providing investors with insights about how their capital is allocated and targets measurable impact.

While the world's challenges are urgent and require positive action in the present, successful impact investing is inherently linked to the duration and persistence of change in the future. The challenge for our industry is that impact investing lives in a complex world of risk and opportunity—one of great change and disruption to presumed norms. This should not deter our industry from responding to the challenges of our era, however. On the contrary, these challenges require imagination, research, investment in new capability, and, ultimately, commitment. As we embark on our impact journey, the

commitment of our impact investment team is essential, but so too is that of our organization, given the scale of our corporate relationships and the scale of the challenge we are addressing.

As we seek to understand, capture, and contribute to positive impact, we have to apply the full breadth of resources at our disposal, spanning both fundamental research and our ESG capabilities.

We appreciate that many investors focus on specific areas or themes within the sphere of impact investing with a view to aligning their principles with a desired outcome. We believe we can invest in, advocate for, and capture impact, globally, across environmental and societal dimensions.

Changes required to address our environmental and societal pressures are long term and will require patience. However, this should not deflect from the need for active engagement and persistence in the present.

Important Information

This material is being furnished for general informational and/or marketing purposes only. The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date written and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request. It is not intended for distribution to retail investors in any jurisdiction.

Canada—Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.'s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services.

USA—Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission. For Institutional Investors only.

© 2022 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.

202212-2652002

For more information on T. Rowe Price and our investment capabilities, please visit our website:
troweprice.com

T. Rowe Price®
INVEST WITH CONFIDENCE